

Competitive 4% Applications

Combining 4% Federal Credits with
State Credits

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TCAC's Goals for this Set-Aside

- ♦ Increase the quality of the proposed 4% projects.
- ♦ Increase the viability of certain 4% projects.
- ♦ Increase the quality of the 4% applications we receive.

Who Should Consider This Choice? Part 1

- ♦ Any 4% project not "eligible" for the high cost area adjustment to eligible basis.
- ♦ "Eligible" includes voluntarily not taking a high cost area adjustment.

Who Should Consider This Choice?

- ♦ Smaller 4% projects with less than \$13.3 million in total costs, and \$9.3 million in eligible basis, before developer fee is added.
- ♦ This is due to the difference in the maximum developer fee that applies to these projects verses regular 4% projects.

Who Should Consider This Choice?

- ♦ Any 9% project is not "eligible" for the high cost area adjustment to eligible basis that will not compete effectively for credits.
- ♦ Recent competition in this set-aside has been weak.

Counties Losing Their DDA Status in 2006

Rural Counties

- ♦ Calaveras
- ♦ Glenn
- ♦ Inyo

Urban Counties

- ♦ Marin
- ♦ San Francisco
- ♦ San Mateo
- ♦ Santa Clara

#1 Rule

- ♦ Treat these applications as if they are 9% applications where “messing up” can cost you the credits you’re seeking.
- ♦ Threshold errors in these applications will result in your application being rejected.

Key Regulations 1

- ♦ Section 10317(g)(1) through (3).
 - 100% tax credit eligible units, excluding manager unit(s).
 - Not “eligible” for the 130% basis adjustment can mean not taking the boost.
 - Project has or will have a current year’s tax-exempt bond allocation.

Key Regulations 2

- ♦ Sections 10317(g)(4), 10326(a), (h) and (j)(1).
 - You WILL need to apply at CDLAC prior to, or concurrent with, your application to TCAC.

Key Regulations 3

- ♦ Section 10326(g) - Basic Thresholds.
 - ALL OF IT, but the following items are typically missed by applicants:
 - Verification of Local Approvals.
 - Current financial statements for GPs, owners and developers; and
 - Contracts for services.

Key Regulations 4

- ♦ Section 10327(c)(2).
 - Developer fee costs are limited to \$2 million.
 - Developer fee costs that may be included in basis are limited to \$1.4 million for most projects.

Key Regulations 5

- ♦ Section 10322(h).
 - Syndicator letters or tax credit certifications should include separate tax credit factors for federal and state credits.

Wrap Up

- ♦ A Reminder: Download the latest version of the application and all of the required forms.
- ♦ Suggestions for changes to this “program” to make it more “user-friendly”?
- ♦ Questions?